

Value-Added Producer Grant Program

Target: Biobased Products, excluding food and feed

General

- The 2008 Farm Bill defines a biobased product as a commercial or industrial product, other than food or feed, which is comprised in whole or significant part, of biological products; including renewable domestic agricultural and forestry materials, intermediate ingredients, or feedstocks.
- Grants funds are available for economic planning or working capital implementation activities related to the processing and/or marketing of value-added biobased products.
- Explore feasibility of a new venture, or implement processing and marketing of value-added biobased products to expand your customer base and increase your financial returns.

Examples of Value-Added Biobased Products

Biobased	-corn or rice waste into fertilizer -miscanthus fiber into bedding and pellets -wood waste and goat manure into bio-char and enhanced compost -algae into energy, plastics or cosmetics -manure into methane, electricity, fertilizer -sorghum into electricity and fertilizer -low-quality hay into fire logs -sheep wool into apparel products -raw timber into wood flooring, boards and beams
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Example Eligible Costs under a Planning Grant: Economic Planning Activities

- third-party feasibility analyses related to economic, market, technical, financial and management considerations for proposed value-added project
- business operations planning for a value-added venture
- legal or consultant costs related to regulatory compliance issues, permits, utility interconnection, and power purchase agreements, as applicable

Example Eligible Costs under a Working Capital Grant: Operating costs directly related to the processing and/or marketing of the value-added product

- vary by proposal intention and value-added product type
- labor costs to process the value-added product, IF costs do not include payments to owners, family members or other parties with a stake in the outcome of the project
- short-term rental of facility or equipment for processing value-added product
- utility costs to process the value-added product
- accounting software or office supplies for value-added processing and sales
- transportation costs to bring value-added products to market
- costs to market or advertise value-added products in newspapers, magazines, brochures, radio, television
- costs to participate or exhibit value-added products in local fairs, trade shows, or industry association events
- legal costs related to the value-added venture
- renewable energy project costs may include utility interconnection fees, and legal drafting of interconnection and power purchase agreements

Resources: Applications must meet ALL program requirements

- VAPG website: http://www.rurdev.usda.gov/BCP_VAPG.html
- Rural Development State Offices: 1-800-670-6553, then press "1" or <http://www.rurdev.usda.gov/StateOfficeAddresses.html>
- Agricultural Marketing Resource Center website: <http://www.agmrc.org>

Example Biobased Projects Funded with VAPG

Bragdon Farm in Vassalboro, Maine
Working Capital Grant of \$300,000

Maine farmer, Peter Bragdon, received a \$300,000 working capital grant to produce “all natural, sweet-smelling” fire logs from compressed, low quality hay that results from wet weather or high humidity that ruins the feed value of hay. By year 3, projected customer growth is expected to be 14 times the current baseline, creating 8 new jobs. In addition to providing an alternative heat source, this project helps to preserve farmland and increase revenues for this small family farm in Vassalboro.

Kyle Farms in central New York
Economic Planning Grant of \$6,000

This medium-sized family farm in central New York received a \$6,000 economic planning grant to explore feasibility and new markets for miscanthus giganteus. Studies and analyses will include scale economics, logistics, margin, return on investment calculations, processing and end-product options, customer identification and specifications. In its natural state, miscanthus straw is used for cattle bedding, and markets for this farmer are currently limited to local customers within short hauling distances. New products for evaluation include pelletized forms as bedding for small animals and horses, and graded natural fiber fillers for molded plastic products. These new products hold great potential to expand the geographic customer base for Kyle Farms, particularly in established equine markets in New York. Preliminary analysis predicts a 15 percent increase in the farm-gate value as a direct result of further processing the raw agricultural commodity.

See more Biobased Projects across Agriculture Sectors

- Since the program began in 2001, VAPG has invested nearly \$260 million grant funds to support farmer and rancher entry into value-added activities.
- USDA Energy Investment Map: <http://www.usda.gov/energy/maps/maps/Investment.htm>
- USDA BioPreferred Success Stories: <http://www.biopreferred.gov/SuccessStories.aspx>